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SPECIAL COMMITTEE ON THE SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES

ACTIVITIES OF FOREIGN ECONOMIC AND OTHER INTERESTS WHICH ARE IMPEDING THE IMPLEMENTATION OF THE DECLARATION ON THE GRANTING OF INDEPENDENCE TO COLONIAL COUNTRIES AND PEOPLES IN ALL TERRITORIES UNDER COLONIAL DOMINATION AND EFFORTS TO ELIMINATE COLONIALISM, APARTHEID AND RACIAL DISCRIMINATION IN SOUTHERN AFRICA

ANGUILLA

Working paper prepared by the Secretariat

1. Basic information on conditions in Anguilla is contained in the general working paper prepared for the current session of the Special Committee (A/AC.109/1141). Supplementary information concerning the activities of foreign economic and other interests in the Territory is presented below. 1/

2. Foreign capital from Canada, the United Kingdom of Great Britain and Northern Ireland and the United States of America continues to play a dominant role in the economic life of Anguilla. The main areas of concentration of foreign investment are tourism, real estate and property development, international business and telecommunications. Tourism remains the main economic activity in the Territory, although the Government is continuing a policy of diversification.

3. As in the past, the tourist industry continues to be predominantly controlled by foreigners. Efforts have been made by the Government, major donors and small hoteliers, however, to rectify the structural imbalance of the industry whereby foreign economic interests owned and operated the larger, more successful hotels and nationals operated only the smaller, less efficient units (see A/AC.109/976, para. 3). During the electoral campaign preceding the general elections of February 1989, the Chief Minister, Mr. Emile Gumbs, quoting the manifesto of his ruling Anguilla National Alliance party, stated that "no further licences will be granted for exclusively owned foreign investment in the

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hotel sector in the near future", and "every encouragement will be given to local and joint-venture investment in the hotel sector".

4. It was reported previously (A/AC.109/1119, para. 5) that in January 1991, the Government had announced that it was tightening regulations on land held by foreigners under the Alien Land Holding Licences Ordinance. Aliens who had been granted a licence but did not complete their projects within the prescribed time would be required to pay financial penalties immediately, in order to avoid forfeiture proceedings.

5. During the period under review, the Government continued to promote the Territory as a haven for regional and international currency deposits. Its chief attractions were convertibility of a wide range of foreign currencies and no taxes on income and capital gains.

6. In its 1991 report on Anguilla, the Caribbean Development Bank (CDB) stated that commercial bank deposits increased by 15.5 per cent to EC$ 194.2 million. 2/ Loans and advances grew by 19.6 per cent to reach EC$ 165.7 million at the end of 1991; loans to the private sector increased by 19 per cent; and net credit to the public sector in 1991 expanded by 60 per cent to EC$ 2.4 million as the Government sought to finance its capital expenditure programme. The share of loans extended to the distributive trades increased from 16.1 per cent in 1990 to 16.9 per cent in 1991, while those issued to the construction and land development sectors decreased from 8.7 per cent in 1990 to 8 per cent in 1991 as construction activity slowed. In the meantime, the share of loans to the tourism sector grew only slightly, from 29.1 per cent in 1990 to 29.6 per cent in 1991, as tourism growth slowed. 3/

7. During the period under review, foreign currency deposits represented the major area of growth. However, tightening liquidity conditions led to an increase in the prime lending rate of some banks, from 12 per cent to 12.5 per cent by mid-1991. 4/

8. The United Nations Development Programme (UNDP) reported in 1991 that over three quarters of the Anguillan Government's Public Sector Investment Programme (PSIP), which has been estimated by CDB at EC$ 82.5 million for the period from 1992 to 1994, was expected to be financed by external donors through grants and concessionary loans.

9. Also according to UNDP, the PSIP foresees a distribution of 60 per cent of its financing for the development of economic infrastructure, 29 per cent for general public services, 6 per cent for social services and 5 per cent for economic services. The Programme focuses on road and water development projects, as well as on the construction of a new post office, a prison and a national library. 5/

10. Following a review of the Territory's financial-sector order by the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom, Anguilla's international financial services were placed under the authority of the Governor in May 1990. With the assistance of the United Kingdom, the Territory reviewed 43 bank licences and cancelled 30 (see A/AC.109/1058, paras. 56-60).

11. As reported previously (A/AC.109/1119, para. 9), in December 1991, the House of Assembly approved the Offshore Banking and Trust Companies Ordinance, giving the Governor complete and final authority over the granting of licences to offshore companies. Under the new legislation, licencees are obliged to appoint resident agents approved by the Governor.

12. According to the report, any proposed issue or transfer of shares would have to be approved by the Governor. In addition, the ordinance established the principle of corporate criminal liability for contraventions of the regulations. The opposition party in the House of Assembly had reportedly complained, however, that the powers thus given to the Governor placed him outside the jurisdiction of the courts.

13. In July 1991, the Governor ordered two foreign bankers to surrender their licences and leave the Territory, stating that their presence was not conducive to the public good. Prior to that, press reports in the United Kingdom had linked one of the bankers to fraudulent banking activities years earlier.

14. It was also reported that in October 1991, the Minister for Finance had said that, during a visit to Canada to discuss financial and offshore banking, members of the territorial Government had been approached by a lawyer who had suggested that Anguilla could welcome between 50 and 100 wealthy Hong Kong residents. Each of those potential immigrants would have over EC$ 5 million in assets and would be prepared to spend at least EC$ 500,000 in the areas of tourism and manufacturing. The Minister had responded by stating, however, that the Government would never bring Hong Kong residents to settle in Anguilla because the people of the Territory were against it (A/AC.109/1119, para. 12).

15. In September 1991, the Governor stated that the appointment of expatriate professionals was necessary to keep Anguilla's Administration operating and to train future replacements (A/AC.109/1119, para. 13). He further said in his Throne Speech that the continuing need in the foreseeable future to recruit such expatriate staff to fill key posts in Anguilla represented no threat to the aspirations of Anguillans. He called upon qualified Anguillans living abroad to repatriate their talents.

16. Cable and Wireless (West Indies), Ltd. continued to be the sole owner and operator of telephone and telecommunication services in the Territory. In October 1988, the company signed an agreement with the Government for continuance of both internal and external telecommunications services for an additional 30 years.

17. Fishing, the second most important economic activity, has continued to be threatened because of poaching by foreign vessels using sophisticated fishing techniques. In March 1988, the Fisheries Development Officer of the Organization of Eastern Caribbean States secretariat pointed out that more than 20 foreign fishing vessels were operating in the eastern Caribbean, most of them illegally, taking nearly 5,500 kilograms of swordfish from the area every week.

18. In May 1990, Anguillan officials met in the Territory with their counterparts of St. Maarten/Saint Martin. The talks focused, inter alia, on the question of fishing in Anguillan waters by foreign boats based in St. Maarten/Saint Martin. Prior to the meeting, in April 1990, a fishing vessel

belonging to a Far Eastern company, thought by the Anguillan police to have come from St. Maarten/Saint Martin, was detained by the police for allegedly fishing in the island's territorial waters.

19. It was reported previously (A/AC.109/1115, para. 19) that the possible use by drug dealers of the Territory's offshore banking system to launder money, as well as the use of Eastern Caribbean countries, including Anguilla, as major transit points in the illicit drug trade had led the Government of the United Kingdom, as the administering Power, to review its policy towards its five Caribbean dependent Territories and Bermuda.

20. It was subsequently announced that legislation authorizing Anguilla to enter into legal cooperation agreements with the United States concerning drug-trafficking investigations had been approved by the Anguilla House of Assembly in May 1990. The "Mutual Legal Assistance United States of America" bill represented Anguilla's first step towards participation in a treaty between the United Kingdom and the United States, which is now being extended to the British Caribbean Territories.

21. Furthermore, the United Kingdom and the United States negotiated a "Shipriders Agreement" which, as stated by the Governor, "is an agreement whereby an officer of the Anguillan Government would be allowed to travel in a United States vessel for the purpose of apprehending any criminals who were committing offences in Anguillan jurisdiction". Under the agreement, the Government of Anguilla would place a police, customs or immigration officer aboard the United States vessel and would then authorize the vessel to act on behalf of the Government of Anguilla (see A/AC.109/1073, paras. 8-14).

22. In November 1992, the Government announced that the Police Department would be strengthened in 1993, and that the police would work in closer cooperation with the Customs Department in the war against drugs. Within this context, joint police-customs sea patrols would be formed.

Notes

1/ The information contained in the present paper has been derived from published reports, including the Caribbean Development Bank Annual Report, (Barbados), 1987, 1988, 1989, 1990 and 1991.

2/ The currency of the Territory is the East Caribbean dollar (EC$). One United States dollar (US$ 1.00) is equivalent to EC$ 2.70.

3/ The Caribbean Development Bank, Annual Economic Report, 1991.

4/ The Caribbean Development Bank, Annual Report, 1991 (Barbados).

5/ United Nations Development Programme, Development Cooperation, Eastern Caribbean, 1991 Report.